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**GOVERNMENT OF THE DISTRICT OF COLUMBIA**



**DEPARTMENT OF HOUSING AND  
COMMUNITY DEVELOPMENT**

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TESTIMONY OF  
**JALAL GREENE**  
DIRECTOR

**SPENDING AND PERFORMANCE OVERSIGHT  
HEARING FOR THE FISCAL YEAR 2005 AND FISCAL  
YEAR 2006 BUDGETS OF THE DEPARTMENT OF  
HOUSING AND COMMUNITY DEVELOPMENT**

COMMITTEE ON ECONOMIC DEVELOPMENT  
THE HONORABLE SHARON AMBROSE, CHAIRPERSON  
COUNCIL OF THE DISTRICT OF COLUMBIA

THURSDAY, MARCH 2, 2006

JOHN A. WILSON BUILDING  
1350 PENNSYLVANIA AVENUE, NW  
WASHINGTON, DC 20004

**GOOD MORNING CHAIRPERSON AMBROSE AND MEMBERS OF THE COMMITTEE ON ECONOMIC DEVELOPMENT. I AM JALAL GREENE, DIRECTOR OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD OR THE DEPARTMENT). HERE AT THE TABLE WITH ME TODAY ARE GEORGE DINES, AGENCY FISCAL OFFICER; AND VICTOR SELMAN, CHIEF OPERATING OFFICER; WHO WILL ASSIST IN RESPONDING TO ANY QUESTIONS YOU MAY HAVE.**

**I AM PLEASED TO APPEAR BEFORE THE COMMITTEE TODAY TO REPORT ON THE DEPARTMENT'S PROGRAMS, ACCOMPLISHMENTS AND CHALLENGES FOR FISCAL YEAR (FY) 2005 AND THE FIRST QUARTER OF FY 2006.**

**LAST YEAR, I STATED THAT THE DISTRICT IS EXPERIENCING AN AFFORDABLE HOUSING CRISIS. IN THE FACE OF THIS CRISIS, THE DEPARTMENT CONTINUES TO WORK AGGRESSIVELY TO MEET THE HOUSING NEEDS OF LOW TO MODERATE INCOME DISTRICT RESIDENTS. WE ACCOMPLISH THIS BY PRESERVING AND CREATING AFFORDABLE HOUSING, BY INVESTING IN COMMUNITY AND ECONOMIC DEVELOPMENT INITIATIVES, AND BY PROVIDING HOME OWNERSHIP ASSISTANCE FOR LOW TO MODERATE-INCOME RESIDENTS.**

## **PROGRAMS AND ACCOMPLISHMENTS**

**I AM PLEASED TO REPORT THAT IN FY 2005, THE DEPARTMENT INCREASED ITS SPENDING TO MEET OUR COMMUNITY'S CHALLENGES. DHCD EXPENDED MORE THAN \$103 MILLION IN FY 2005, AN INCREASE OF 81% OVER FY 2004. ALL BUDGETED FY 2005 FUNDS THAT WERE NOT SPENT WERE EITHER EARMARKED, COMMITTED, OR OBLIGATED FOR AFFORDABLE HOUSING, HOME OWNERSHIP OR COMMUNITY DEVELOPMENT ACTIVITIES.**

**THE DEPARTMENT INCREASED SPENDING FROM EACH OF ITS THREE MAJOR FUNDING SOURCES. IN FY 2005, DHCD:**

- **SPENT \$43 MILLION IN COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS, AN INCREASE OF \$7.2 MILLION, OR 20%, OVER FY 2004 EXPENDITURES;**
- **SPENT \$12.0 MILLION IN HOME INVESTMENT PARTNERSHIPS (HOME) FUNDS, AN INCREASE OF \$8.6 MILLION, OR 250%, OVER FY 2004 EXPENDITURES; AND**
- **SPENT \$31.3 MILLION IN HOUSING PRODUCTION TRUST FUND (HPTF) DOLLARS, AN INCREASE OF \$20.8 MILLION, OR 199%, OVER FY 2004 EXPENDITURES.**

**THIS PAST FISCAL YEAR, FOR THE FIRST TIME IN THE DEPARTMENT'S HISTORY, OUR LOCAL AND "O" TYPE FUNDING SURPASSED OUR FEDERAL ENTITLEMENT BUDGET. DHCD'S MAJOR LOCAL FUNDING SOURCE IS NOW THE HOUSING PRODUCTION TRUST FUND (HPTF).**

## **FINANCING MULTI-FAMILY HOUSING DEVELOPMENT**

**DURING THE PAST YEAR, WE HAVE USED THREE KEY VEHICLES FOR FINANCING MULTI-FAMILY HOUSING DEVELOPMENT:**

### ***1. REQUEST FOR PROPOSALS (RFP) PROCESS***

**IN RESPONSE TO THE PRESSING NEED FOR AFFORDABLE HOUSING IN THE DISTRICT, THE DEPARTMENT INCREASED ACCESS TO DEVELOPMENT FINANCING BY ISSUING TWO (2) REQUESTS FOR PROPOSALS IN FY 2005, TOTALING \$70 MILLION. THE DEPARTMENT IS CONTINUING THIS PRACTICE IN FY 2006. THE FIRST RFP FOR THIS FISCAL YEAR WAS ISSUED IN OCTOBER OF 2005 FOR \$41 MILLION, AND ANOTHER FOR APPROXIMATELY \$40 MILLION WILL BE ISSUED IN APRIL.**

**THE DEPARTMENT ALSO EXPANDED TRAINING SESSIONS AND OUTREACH TO INCREASE THE NUMBER AND IMPROVE THE QUALITY OF THE PROPOSALS. THE OCTOBER RFP RESULTED IN 27 APPLICATIONS, SEEKING OVER \$104 MILLION IN FUNDING FROM THE DEPARTMENT. THIS REPRESENTS A 40 PERCENT INCREASE IN THE NUMBER OF APPLICANTS AND ALMOST AN 80 PERCENT INCREASE IN THE FUNDING DEMAND.**

**THROUGH THE RFP PROCESS, DHCD PROVIDED FUNDING FOR 1,617 UNITS OF AFFORDABLE HOUSING IN FY 2005. THIS REPRESENTS 35 PROJECTS WITH A TOTAL DEVELOPMENT COST OF ALMOST \$265 MILLION. EXAMPLES OF PROJECTS FUNDED INCLUDE:**

- THE RENOVATION OF A 118 UNIT, FOUR-BUILDING COMPLEX IN THE ADAMS MORGAN AREA OF WARD 1 THAT SERVES EXTREMELY LOW INCOME POPULATIONS IN A HIGH RENT DISTRICT. DHCD PROVIDED \$9 MILLION TO THE JUBILEE HOUSING LIMITED PARTNERSHIPS FOR THIS PROJECT, WHICH ALSO INCLUDED LOW INCOME HOUSING TAX CREDITS (LIHTCS) THAT GENERATED \$7.5 MILLION IN EQUITY. THE FOUR-BUILDING RENOVATION EXCEEDED A TOTAL COST OF \$20.5 MILLION.**
- THE REHABILITATION OF 117 UNITS IN WARD 2. DHCD FUNDED THE TOTAL DEVELOPMENT COST OF \$680,000 TO PHYLLIS WHEATLEY YWCA.**
- WORKING WITH THE DC HOUSING AUTHORITY AND PROVIDING \$2 MILLION FOR SITE INFRASTRUCTURE AT ARTHUR CAPPER/CARROLLSBURG HOPE VI IN WARD 6.**
- THE CONSTRUCTION OF 56 NEW RENTAL UNITS AT ST. PAUL SENIOR LIVING, LOCATED IN WARD 8. DHCD PROVIDED \$1.6 MILLION IN ADDITIONAL FUNDING; AND**

- **THE FUNDING OF SIX (6) SPECIAL NEEDS PROJECTS IN FY 2005 FOR A TOTAL OF 75 UNITS IN WARDS 4, 6 AND 8. THESE PROJECTS HAVE A TOTAL DEVELOPMENT COST OF OVER \$10 MILLION, OF WHICH \$6.6 MILLION WAS FUNDED BY THE DEPARTMENT.**

**ALTHOUGH WE PROVIDE FUNDING FOR AFFORDABLE HOUSING THROUGHOUT THE DISTRICT, MANY OF OUR PROJECTS ADDRESS THE CRITICAL HOUSING NEEDS IN WARDS 7 AND 8. OF THE PROJECTS FUNDED IN FY 2005, 55% ARE LOCATED IN THESE TWO WARDS.**

## ***2. TENANT PURCHASE TECHNICAL ASSISTANCE PROGRAM AND FIRST RIGHT PURCHASE PROGRAM***

**IN 2005, THE DEPARTMENT ASSISTED 8,589 FAMILIES WITH EITHER TECHNICAL OR FINANCIAL ASSISTANCE THROUGH ITS TENANT PURCHASE TECHNICAL ASSISTANCE PROGRAM AND ITS FIRST RIGHT PURCHASE PROGRAM. EXAMPLES OF PROJECTS FUNDED UNDER THESE PROGRAMS INCLUDE:**

- **FUNDING FOR THE ACQUISITION OF 52 UNITS TO THE SECOND STREET TENANTS ASSOCIATION IN WARD 4. DHCD PROVIDED \$3.6 MILLION TO TENANTS IN THIS COMMUNITY; AND**
- **CONVERTING 20 UNITS FROM RENTAL TO HOMEOWNERSHIP THROUGH THE 307 S STREET**

**TENANTS ASSOCIATION IN WARD 1. DHCD PROVIDED \$945,000 IN FUNDING.**

**3. *SITE ACQUISITION FUNDING INITIATIVE (SAFI)***

**DHCD IMPLEMENTED A NEW INITIATIVE CALLED THE SITE ACQUISITION FUNDING INITIATIVE (SAFI). IN FY 2005, WE PROVIDED \$15 MILLION OF FUNDING TO LENDERS WHO IN TURN MATCHED THESE FUNDS TO PROVIDE LOW-INTEREST LOANS TO NON-PROFIT DEVELOPERS FOR ACQUISITION. AS OF DECEMBER 31, 2005, THE SELECTED LENDERS HAD 11 PROJECTS IN THE PIPELINE, WITH OVER \$35 MILLION IN TOTAL LOAN AMOUNTS. OF THAT TOTAL, \$12 MILLION IN FUNDING COMES FROM THE HOUSING PRODUCTION TRUST FUND, WHICH MEANS THAT PUBLIC FUNDS ARE LEVERAGED AT ALMOST A 2:1 RATIO.**

**WE WANT TO RECOGNIZE THE SELECTED LENDERS: UNITARIAN UNIVERSALIST AFFORDABLE HOUSING CORPORATION, ENTERPRISE HOUSING FINANCIAL SERVICES, AND CITY FIRST BANK OF DC. THESE LENDERS HAVE WORKED HARD TO MAKE THIS PROGRAM A SUCCESS.**

**WE ARE IN THE PROCESS OF EXPANDING THIS INITIATIVE TO INCLUDE TWO ADDITIONAL LENDERS, CORNERSTONE, INC. AND WASHINGTON AREA HOUSING TRUST FUND. EACH WILL RECEIVE \$1 MILLION IN FUNDING,**

**REPRESENTING A TOTAL PUBLIC COMMITMENT OF \$17 MILLION.**

**FINANCING COMMERCIAL/ECONOMIC DEVELOPMENT AND COMMUNITY FACILITIES**

**DHCD HAS INVESTED IN SIGNIFICANT COMMUNITY DEVELOPMENT PROJECTS.**

- **WE WERE INSTRUMENTAL IN BRINGING THE LONG AWAITED DEVELOPMENT OF CAMP SIMMS TO FRUITION. CAMP SIMMS, LOCATED IN WARD 8, WILL PROVIDE 75 SINGLE FAMILY HOMES, OF WHICH 16 WILL BE AFFORDABLE FOR MODERATE-INCOME FAMILIES. THIS PROJECT INCLUDES BOTH RESIDENTIAL AND RETAIL, ANCHORED BY A 65,000 SQUARE FOOT GIANT FOOD STORE. CONSTRUCTION WILL START THIS MONTH.**
- **WE WERE ALSO INSTRUMENTAL IN MOVING FORWARD THE DEVELOPMENT OF THE ANACOSTIA GATEWAY PROJECT IN WARD 8. THE PROPERTY IS BEING DEVELOPED AS A 63,000-SQUARE FOOT RETAIL/OFFICE FACILITY AT A TOTAL DEVELOPMENT COST OF \$18 MILLION. THE DEVELOPERS BEGAN SITE WORK IN FEBRUARY OF THIS YEAR.**



- IN ADDITION, DHCD PROVIDED A \$7.7 MILLION LOAN TO THE CAPITAL AREA FOOD BANK (FOOD BANK), LOCATED IN WARD 5, FOR ITS NEW WAREHOUSE AND DISTRIBUTION CENTER. DHCD IS PARTICULARLY PROUD OF MAKING IT POSSIBLE FOR THE FOOD BANK TO INCREASE ITS CAPACITY TO FEED RESIDENTS THROUGHOUT THE DISTRICT.

### **ASSISTANCE TO FIRST-TIME HOMEBUYERS AND HOMEOWNERS**

WE CONTINUE TO PROVIDE ASSISTANCE TO FIRST TIME HOMEBUYERS THROUGH OUR HOME PURCHASE ASSISTANCE PROGRAM (HPAP) AND THE EMPLOYER ASSISTED HOUSING PROGRAM (EAHP). THESE HOMEBUYER ASSISTANCE PRODUCTS PROVIDE INTEREST-FREE AND LOW INTEREST LOANS TO QUALIFIED DISTRICT RESIDENTS AND DC GOVERNMENT EMPLOYEES. DHCD PROVIDED 194 HOMEBUYER ASSISTANCE LOANS IN FY 2005.

IT WAS A VERY CHALLENGING YEAR FOR OUR HOMEBUYER ASSISTANCE PROGRAMS, AS THE REAL ESTATE MARKET CONTINUED TO DRAMATICALLY OUTPACE GROWTH IN HOUSEHOLD INCOME. LATER IN MY TESTIMONY, I WILL SPEAK FURTHER ON THE CHALLENGES WE FACE IN

**MAINTAINING A VIABLE HOMEBUYER ASSISTANCE PROGRAM.**

**WE ASSIST DISTRICT HOMEOWNERS THROUGH THE DEPARTMENT'S SINGLE FAMILY RESIDENTIAL REHABILITATION PROGRAM. THIS PROGRAM PROVIDES FINANCING FOR A RANGE OF HOME REHABILITATION SERVICES. IN FY 2005, THE PROGRAM PROVIDED LOAN AND GRANT FINANCING TO 103 HOUSEHOLDS, WHICH IS A 250 PERCENT IMPROVEMENT OVER FY 2004. THIS INCREASE STEMMED FROM SIGNIFICANT PROGRAM STREAMLINING AND OPERATIONAL IMPROVEMENT, AS WELL AS A HIGH DEMAND FOR LEAD BASED WATER SERVICE LINE REPLACEMENTS.**

**NEIGHBORHOOD SERVICES**

**IN FY 2005, WE PROVIDED JUST OVER \$2 MILLION IN FUNDING TO COMMUNITY BASED ORGANIZATIONS THAT, IN TURN, PROVIDE COMPREHENSIVE HOUSING COUNSELING TO DISTRICT RESIDENTS. WITH THE HELP OF OUR PARTNERS MARSHALL HEIGHTS COMMUNITY DEVELOPMENT ORGANIZATION, HOUSING COUNSELING SERVICES, CENTRAL AMERICAN RESOURCE CENTER, LATINO ECONOMIC DEVELOPMENT CORPORATION, UNIVERSITY LEGAL SERVICES AND LYDIA'S HOUSE, WE WERE ABLE TO COUNSEL NEARLY 18,000 RESIDENTS.**

**DHCD IS ALSO PROVIDING NEARLY \$1 MILLION IN FUNDING TO FOUR (4) COMMUNITY ORGANIZATIONS FOR CRIME REDUCTION AND PREVENTION IN “HOT SPOT” AREAS OF THE DISTRICT.**

***COMMUNITY OUTREACH***

**THE DEPARTMENT REALIZES THE IMPORTANCE OF MAINTAINING AN OPEN LINE OF COMMUNICATION WITH THE COMMUNITY. WE ARE COMMITTED TO BOTH SOLICITING INPUT AND PROVIDING TIMELY INFORMATION TO DISTRICT RESIDENTS ABOUT DHCD PROGRAMS. OUR COMMUNITY OUTREACH EFFORTS INCLUDE:**

- PUBLIC HEARINGS TO RECEIVE INPUT INTO THE DEVELOPMENT OF THE CONSOLIDATED FIVE YEAR PLAN AND THE ANNUAL ACTION PLAN,**
- SPECIFIC COMMUNITY MEETINGS TO DISCUSS TARGETED DEVELOPMENT PROJECTS,**
- WORKING WITH THE ADVISORY NEIGHBORHOOD COMMISSIONS BY PROVIDING FOCUSED TRAINING SESSIONS,**
- PUBLISHING NOTICES IN THE DC REGISTER AND ADVERTISING IN MAINSTREAM AND COMMUNITY NEWSPAPERS,**

- **WORKING CLOSELY WITH NEIGHBORHOOD SERVICES TO ENSURE THAT RESIDENTS ARE AWARE AND KNOWLEDGEABLE OF AGENCY PROGRAMS, AND**
- **DISTRIBUTING BROCHURES ON AGENCY PROGRAMS AT VARIOUS VENUES, INCLUDING HOUSING FAIRS, WORKSHOPS AND SEMINARS.**

### ***NEW COMMUNITIES AND GREAT STREETS***

**DHCD PROVIDES SUPPORT FOR BOTH THE NEW COMMUNITIES AND GREAT STREETS INITIATIVES, PRIMARILY BY ACTIVELY PARTICIPATING IN THE PLANNING, IMPLEMENTATION, AND OUTREACH FOR THE PROGRAMS. DHCD WILL CONTINUE ITS WORK WITH THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT ON THESE INITIATIVES.**

### ***INTERNAL IMPROVEMENTS***

**DHCD IS COMMITTED TO IMPROVING INTERNAL PROCESSES TO INCREASE EFFICIENCY. TO THAT END, DHCD IS ESTABLISHING A PORTFOLIO MANAGEMENT SECTION WITHIN THE OFFICE OF PROGRAM MONITORING. THIS SECTION WILL MONITOR ALL OF THE DEPARTMENT'S REAL ESTATE AND FINANCIAL ASSETS.**

**DHCD ALSO STREAMLINED ITS UNDERWRITING PROCESS BY INTRODUCING STANDARD LOAN PRODUCTS AND LEGAL LANGUAGE IN CONTRACTS. THE DEPARTMENT ALSO**

**CHANGED ITS PROCEDURES TO INVOLVE OUR LEGAL COUNSEL EARLIER IN THE UNDERWRITING PROCESS.**

**BECAUSE OF AN INCREASE IN DEMAND, THE AGENCY IS IN THE PROCESS OF INCREASING ITS STAFF IN THE DEVELOPMENT FINANCE DIVISION, WHICH WILL EXPAND OUR UNDERWRITING CAPABILITY.**

### **CHALLENGES**

**WE HAVE ACCOMPLISHED A GREAT DEAL, BUT WE STILL FACE CHALLENGES. TODAY I WILL HIGHLIGHT THREE OF OUR MOST SIGNIFICANT CHALLENGES.**

- 1. THE DEPARTMENT MUST BE INCLUSIVE IN MEETING THE NEEDS OF POPULATIONS FOR WHOM THE RFP PROCESS DOES NOT GENERATE DEVELOPMENT PROPOSALS. THE RFP'S TARGET THE ELDERLY, THE HOMELESS, DISABLED PERSONS AND THOSE LIVING WITH HIV/AIDS. HOWEVER, THERE ARE OTHER POPULATIONS WHO FACE CHALLENGES IN AFFORDABLE HOUSING THAT WE MUST ADDRESS.**
- 2. THE RAPID GROWTH IN THE COST OF HOUSING IN DC MAKES IT DIFFICULT FOR LOW- TO MODERATE-INCOME RESIDENTS TO PURCHASE A HOME.**

**3. THE DEPARTMENT NEEDS TO INCREASE PRODUCTION  
IN OUR LEAD SAFE WASHINGTON PROGRAM.**

**RESPONSE TO CHALLENGES**

**THE DEPARTMENT CONTINUES TO DEVELOP INNOVATIVE  
METHODS TO MEET THESE CHALLENGES. SPECIFICALLY:**

- 1. THE DEPARTMENT IS DEVELOPING NEW APPROACHES  
TO PROVIDING AFFORDABLE HOUSING THROUGH  
“DEMONSTRATION INITIATIVES” THAT TARGET  
POPULATIONS SUCH AS: TEENAGE MOTHERS WHO ARE  
LEAVING FOSTER CARE, RETAIL WORKERS AND  
LOW-INCOME ARTISTS.**
- 2. DHCD IS INCREASING THE OVERALL FUNDING AMOUNT  
AVAILABLE FOR ASSISTANCE TO A FAMILY AND  
REDUCING THE MINIMUM CONTRIBUTION FROM THE  
HOMEBUYER. THESE AND OTHER CHANGES TO THE  
HPAP PROGRAM WERE RECENTLY SUBMITTED TO  
COUNCIL.**

**WE ARE ALSO INTRODUCING A PROGRAM THAT WILL  
REDUCE THE INTEREST RATE ON FIRST TRUST  
MORTGAGES FOR FIRST TIME HOMEBUYERS.**

**3. THIRDLY, DHCD IS IN THE PROCESS OF REDESIGNING OUR INTERNAL PROCEDURES, HIRING NEW STAFF AND EXPANDING OUTREACH EFFORTS IN ORDER TO INCREASE PRODUCTION IN THE LEAD SAFE WASHINGTON PROGRAM.**

## **CONCLUSION**

**DHCD HAS HAD WHAT WE BELIEVE IS A GOOD YEAR. WE EXCEEDED OUR EXPECTATIONS AND CREATED NEW INITIATIVES, INCREASED OUTREACH TO STAKEHOLDERS AND STRENGTHENED OUR PARTNERSHIPS. WE ARE SEEING TANGIBLE RESULTS FROM OUR EFFORTS. IN FY 2006, WE WILL CONTINUE TO PURSUE THE CHALLENGES WE FACE IN THIS AFFORDABLE HOUSING CRISIS WITH CREATIVITY, PASSION AND DILIGENCE.**

**CHAIRMAN AMBROSE, THIS CONCLUDES MY TESTIMONY. MY STAFF AND I ARE AVAILABLE TO ANSWER ANY QUESTIONS THAT YOU OR MEMBERS OF THE COMMITTEE MAY HAVE. THANK YOU.**